Previous references.

B42-09-Sls 164 B Dec 1913-14

B 13,72

Later references.

B. 34-1455 1&2. B. Jul 1915

SA 20-155 641, B. Apl 16

S-H 101-17 55 112.

GT 100-20-H5. Dec 17

File No. 40/13-14.

Serial Nos. 1 & 2

(Banking)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1 & 2

Part B. for July 1914

SUBJECT.

Actuarial report on the financial position of the State Life Insurance Scheme as at 30th June 1912

---

1 From the Secy Insurance committee
No 1913 of 16.2.14
Submits resolution of the committee on the Actuarial Report recommending the sanction of reversionary bonus & also certain alterations in the Insurance Rules

2 To the Secy, Insurance Committee
" Comptroller
H 221-2 of 20-7-14
Approves the recommendation of the committee & directs the insertion of the amendments as suggested

G. R. S. 58

Wd 10/14

by the Actuary & approves of the proposed
alterations in the Rules.

G.R.S. 11] 191 3-14

GENERAL AND REVENUE SECRETARIAT

Bankers

NOTES.

File No. 40

FILE HEADING.

Actuarial report on the financial position of the State Life Insurance Scheme as at 30th June 1912.

From

The Secretary, Insurance Committee

No. 1913 Dated 16/17.2.14 Received 20 2.14

Diary No. 3263	Enclos. 1 file	Spare Copies. 12	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Submits for orders Resolution 2 of the Committee passed in their meeting held on 31st January 14 on the results of the Actuarial Valuation

NOTES AND ORDERS.

The Secretary has sent the Actuary's report in original. The Insurance office notes the Comptroller's remarks on the report in question have circulated to all the members of the Committee for recording

NOTES—First Sheet.

GPB—30,000—12-8-11

Serial No.

this opinion. There are also such up in original. The recommendations now made by the committee are apparently based on the recorded opinions of the members - duly & frequently framed as resolutions & formally passed at the meeting of the 31st January 14.

2. Mr Ackland the Actuary consulted on the present occasion is one of the highest standing in his profession & the report carries with it the weight attaching to his eminent position. After a most careful examn conducted on up to date methods prevailing he finds the fund in a sound financial position & very well managed & expresses his belief in its continued prosperity. Hence no anxiety need be entertained in regard to the future of the fund. As a result of the valuation he declares a surplus of 5 lacs of Rupees & recommends its immediate distribution amongst the policy

NOTE—Contn. sheet.

G. R. S. 12]

General and Revenue Secretariat. | B File No. 40 of 1913

Serial No.

holders by making a reversionary addition to their bonuses, the present value amounting to only Rs 3993535 suggests the way how to do it. This large surplus was owing to a remarkable fall in the rate of mortality experienced. The same being observed at after the most careful consideration by comparing our experience with that of the British India Postal Insurance Fund & the result (whatever the reason) is slightly favourable to our fund The Table in page 6 of the printed report give details of the comparison made. The soundness of the conclusion is therefore beyond question

3) how is this all - vis per para 12 of the printed report after making provision for all ~~future liabilities~~ liabilities & after payment of the increment above recommended. there still remains as a provision for

NOTE—Contn. sheet.

GPE—60,000—7-11-13

G R. S. 12]

General and Revenue Secretariat. | B File No. 40 of 1913

Serial No.

future & for unforseen contingencies

1) The unappropriated surplus out of the 5 Lacs fund Ireland viz Rs 1,17,184

2) Excess premia realisable & not taken into Valuation Vide para 8 of the Report — 5,27,477

3) Profit arising from favourable mortality

4) Profit arising off of payments of surrender value on policies

5) surplus interest in excess of Valuation estimates -

The Valuation was at 3 p.c whereas the balance of the fund were realising 3 1/8 p.c - the Savings Bank rate - & now it has been raised to 3 1/2 p.c.

To this may be added the profits hereafter small arising from the acceptedly low rate of bonus granted on premia received (Vide para 15 of the Report)

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. | B File No. 40 of 1913.

Serial No.

para 14 of the report.

his Ackland after providing for an expenditure of 5% p.a. of the premia income for management charges & ignoring altogether the minor sources of profit mentioned above finds a sum of Rs 4,82,845 still remaining to be utilized. This also he has earmarked for distribution amongst the policy holders. Further he thinks it reasonable that out of this source policies becoming claims by death or maturity before the date of next Valuation should receive in addition to what was already recommended a further addition of 3/4 or even 1 p.c. - He calculates this maximum allowance as not likely to exceed Rs 20000- This proposal is not recommended by the Committee & this huge anticipated surplus is apparently to remain in the hands of Govt as risk money. As the immediate cost of the proposal if sanctioned is small & spread over 5 years this may be granted, if the funds administered are solely -

NOTE—Contn. sheet.

GPB—60,000—7-11-13

General and Revenue Secretariat.

B File No. 40 of 1913

Serial No.

Solely for the benefit of Govt employees & the recommendation calls for the careful consideration of Govt. In case the policy holders had a voice in the matter they would urge the claim — a claim which the Actuary characterises as reasonable.

5) The Committee recommend the following for orders of Govt in considering the report.

1) The Actuary's recommendation about the working of rule 10. Legal difficulties are in the way of following his recommendation the 18th member & the committee as a whole are against it. As the rule is not to be modified no orders seem necessary

2) Distribution of surplus — orders required

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. | B File No. 40 of 1913.

Serial No.		
	3) Further bonus additions recommended in para 14 of the Report	— Not recommended by the committee but may be reconsidered.
	4) Alteration of bonus rates	— Not recommended no views thus necessary as no changes contemplated.
	5) Equalisation of the value of paid up policies as an alternative of surrender value of 60 p.c	— A method of calculation is suggested by the Actuary in para 16 (c) (to Sch. matters right. This contemplates modification of rule 10. The Committee may be asked to send in separate proposals.

6) Besides thanking the Actuary for his many services their appreciation of the management

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. | 13 File No. 40 of 1913

Serial No.

of the scheme by the Committee aided by the officers & establt. of the Insurance office

Sale.

Secy. 7/3. 7. The recommendations of the Insurance Committee may be sanctioned with the exception perhaps Equalisation of the value of paid up policies as an alternative to surrender value which may require further discussion & may therefore be asked when sent up separately.

SW 9/3

It is certainly an admitted fact that 60% of paid up premia as surrender value is really a very high one and be perfectly safe only when policy holders do not participate in profits. With an alternative of taking up fully paid up policies participating in periodical profits free from further payments even premia it would be our interest also to prevent people from taking surrender value & the only way to do it would be to reduce the surrender value which is as in private Companies

Yes, and therefore the proposal of the Committee is not to give 60% of premia paid as surrender value, but the present value calculated according to the actuarial formula of the paid up policy which has been given as the alternative.

MY 7/3

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

9

General and Revenue Secretariat. | File No. 40 of 1913.

Serial No.

X

A better scheme would be to arrange with the prisoner surrender Values at all. He would assume the position of the manufacturing something always subject to the main object of the scheme that no Kespa need for the person himself to separate.

X

by 33 1/3 %. If this percentage is accepted it will be necessary to grant him a lease under the Land Acquisition Act. There seems no necessity to do anything with the fully paid up shares.

by 9.3.14

8. The recommendations of the Committee may be sanctioned.

17/3 by 18.3.14

Dewan

8340 / 18.3.14.

9. Please circulate to Council

13.4.14. by

10. Submit to the Hon'ble Secretary for favour of ordering Circulation

by 13.4.14

by 15/5/14 15/5/1914

11. I agree to the proposals being sanctioned.

1/5/14

12. I agree

13. I also agree.

12.5.14

D.S.N. 15/5/14

NOTE—Contn. sheet.

GPB—60,000—7-11-13

8/5

G. R. S. 12]

General and Revenue Secretariat. | Ps File No. 40 of 1913

Serial No.	
9862 28·8·14	Submitted with a draft Secret Note Dewan)

NOTE—Contn. sheet.

GPB—60,000—7-11-13

Submitted to His Highness.

On the recommendation of the Insurance Committee Mr. Thomas Gan Ackland, F.I.A., Honorary F.F.A.,Actuarial Adviser to the Board of Trade, England, was appointed to conduct the actuarial valuation of the State Life Insurance Fund for the quinquennium ending 30th June, 1912.

2. I now submit for kind perusal a printed copy of the Actuary's Report on the examination made by him into the working of the fund and a valuation of its liabilities as at 30th June 1912. The Report is exhaustive and interesting and from the high position Mr. Ackland occupies, full confidence may be placed in his report and valuations.

3. After a careful examination conducted on up-to-date methods, he finds the State Life Insurance Fund sound and well managed and states that the valuation of the Fund discloses a surplus of over 5 lakhs as against one lakh and odd, at the end of the previous quinquennium.

4. He suggests that out of this surplus a reversionary addition of 1 per cent may be made to every policy in force on the 30th June 1912, for every year the policy has been in force. The Insurance Committee recommend this proposal for sanction and also accept the Actuary's suggestion that the increments may be calculated in proportion to the exact number of premiums paid up to 30th June 1912. This would absorb about 4 lakhs of the surplus and the balance left provides, in the opinion of the actuary, ample security for the future. This recommendation of the Insurance Committee agreed to by the Members of Council may be graciously sanctioned.

12

5. The Insurance Committee also accept a minor suggestion of the Actuary (Vide para 16 of his report) in the matter of calculating surrender values of policies. This may also be approved.

M. Visvanatha -
19th June 1914 -

13

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Report of the Actuary on the examination of the State Life Insurance Fund for the quinquennium ending 30th June 1912.

1110

Order.

~~KRW~~

23/6/14

Secretary

26.6.14 Ro orders 26/6

Draft for above

Ebelle

G. R. S. 12]

General and Revenue Secretariat.

B File No. 40 of 1913.

14

Serial No.

Draft Subd.
Sd/ 1/7/14

Deleg)

4/7/14

Approved with some changes

gm
6/7

Dly Supp as levised (typed prefence) for submission to Dewan Saab -

4/7/14

H.K.S. 6/7

Typed draft subd.
SM
8/7/14

Dewan)

4/7/14

14/4
9-7-14

Sd/ affd by Sir as amended
Changed
Y
Sd

8/7

Immediately

4/7/14

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

15

General and Revenue Secretariat. | B File No. 40 of 1913.

Serial No.	
2	To the Secy Insurance Committee " Comptroller No H 221-2 dd 20-7-14 Approves of the recommendations of the committee & directs the distribution of the surplus as proposed by the Actuary. Further approves of the Actuarys suggestion in respect to the calculation of surrender value & plans on record for the appreciation of the work done by the Actuary & the satisfaction that the fund is financially in a sound condition.

NOTE—Contn. sheet:

GPB—60,000—7-11 13

No. 1913/Fin
-12 Books and one File.

OFFICE OF THE SECRETARY,
MYSORE STATE LIFE INSURANCE COMMITTEE,
Bangalore, dated 16th February 1914

17

From

Dewan Bahadur J. S. CHAKRAVARTI, ESQ., M.A., F.R.A.S., etc.,
Secretary, Mysore State Life Insurance Committee,
Bangalore.

DIARY No. 3263

1913-1914
SECTION To Banking
FILE No. 11-13
SERIAL No. 1

The Financial Secretary
to the Government of His Highness
the Maharaja of Mysore, Bangalore.

SIR,

I have the honour to submit for early orders of Government Resolution 2 of the Insurance Committee, passed in their meeting held on the 31st January 1914, together with the Report of the Actuar in original and a dozen printed copies of the same. Office note -- dated 12th September 1913, with the opinion of each member separately recorded thereon is also submitted for reference and obliging -- return when done with.

I have the honour to be,
Sir,
Your most obedient servant,

J. Chakravarti
Joint Secretary.

AK

GPB—3000—27-1-12.

INSURANCE.

Extract from the proceedings of the meeting of the Mysore—State Life Insurance Committee, held on Saturday the 31st January 1914.

- - - - - -

R E S O L U T I O N. II.

Read the Actuary(s Report for the quinquennium ending 30th June 1912. The Actuary may be thanked for his interesting report. It is resolved that the report be submitted to Government for order with the following recommendation.

(a) The suggestion made in paragraph 10 of the report cannot be carried out as the policies, the premiums due on which are treated as a debt under Rule 10, cannot be legally cancelled unless the premium due with compound interest equals the bonus assured.

(b) The suggestion contained in paragraph II,--Distribution of Surplus--may be sanctioned by the Government, the distribution being made in proportion to the exact number of premiums paid.

(c) Further bonus additions to policies which mature during the quinquennium beginning 1st July 1912, referred to in paragraph 14, need not be made in anticipation of the next valuation.

(d) The alterations in bonus suggested in paragraph 15 of the report being comparatively small and in the opinion of the --Actuary, no strong objection could be made against retaining the present rates, the latter may continue.

(e) When a paid up policy and a surrender value is made alternatives either of which may be taken, the two should be equivalent. At present the surrender value being fixed at 60% this is not the case. We may say that either a paid up policy or its surrender value calculated as explained in this paragraph 16 will be

given.

Asstt: Secretary.

Encl

4

R E P O R T

to the

Mysore State Life Insurance Committee

on an

Investigation

into the Mortality experienced

by members of the

Mysore State Life Insurance Scheme

and a

Valuation

of the liabilities arising

under contracts in force

as at 30th June 1912

by

THOMAS GANS ACKLAND

Actuarial Adviser to the Board of Trade,
Fellow of the Institute of Actuaries,
Hon. Fellow of the Faculty of Actuaries.

5 & 6 Clements Inn,
Strand, London,
W. C.

29th August 1913.

5

5 & 6 Clements Inn,
Strand, London,
W. C.

To the Mysore State
Life Insurance Committee.

Gentlemen,

(1) In accordance with instructions received through your Secretary, Mr. J. S. Chakravarti M.A., F.R.A.S., I have made an investigation into the rates (1) of mortality experienced by members of the Mysore State Insurance Fund, and, on the basis of rates adopted in accordance with such investigation, have made a Valuation of the liabilities of the Fund as at 30th June 1912.

(2) DATA. Particulars of each of the 16,900 contracts issued by the Fund were supplied on cards, giving, in a convenient form, all the data required for the investigation of the experience, and the Valuation of the liabilities; I have also been supplied with Reports on the progress of the Fund for each of the five years ending 30th June 1912, and with detailed information as to the accumulated amounts of premiums advanced, under Rules 10 and 26, on the policies of members who had left the service of the Government. I may take this opportunity of expressing my appreciation of the careful manner in which the data had been prepared. The figures deduced from the tabulation of the cards in the course of my investigation were compared, wherever possible, with figures given in the Annual Reports, and in only three instances were disagreements brought to light, the amounts assured, in Appendix II, in respect of year of birth 1877, being Rs. 720 less than the sum scheduled from the cards, and in respect of year of birth 1873, one rupee more, while

the amounts paid on death differed by Rs. 98 from the amounts stated in Appendix VII. These differences are, of course, quite insignificant.

(3) Mortality Experience. Before proceeding with the investigation of the mortality experience of the Fund, it was necessary to decide whether rates should be deduced on the basis of the number of deaths, the number of contracts cancelled by death, or the amounts payable at death, at each age. In view of the peculiar circumstances of the Fund, as regards the number of assurances frequently effected on one life, the latter method was finally adopted, and the rates now deduced, therefore, indicate the financial effect of the mortality experienced by members of the Fund. Rates obtained by this method may be considered more accurate, for the purpose of Valuation, than rates deduced from the experience of lives alone, which would ignore the effect, if any, of further assurances taken out at later ages of life, or than rates deduced from the experience of contracts, which would give too great a weight to such further assurances, since the later contracts are usually for smaller sums assured. On this basis, I find that the total amounts at risk from the commencement of the Fund in December 1891 to 30th June 1912 may be taken as equivalent to Rs. 718,09,714 exposed to risk for one year, and the total amount paid over the same period having been 7,29,240, the average rate of mortality over the whole period has been rather more than 1% per annum.

(4) The following Table shows the distribution of the exposed to risk, and of the amounts paid at death, grouped according to age, and also the expected claims by death, according to the rates of mortality adopted in the Valuation :-

Central Age	Exposed to Risk Rs.	Actual Claims Rs.	Expected Claims Rs.
25	96,21,361	68,418	69,738
30	171,52,337	1,61,470	1,37,116
35	176,95,853	1,34,101	1,62,049
40	140,70,067	1,45,624	1,54,162
45	82,31,015	1,13,457	1,13,245
50	40,23,605	76,502	72,972
55	10,15,476	29,668	23,488
Total	718,09,714	7,29,240	7,32,770

The rates of mortality adopted in calculating the expected deaths were taken, with an addition of three years to the age, from a Table known as the $O^{m(5)}$ Table, deduced from the British Offices experience 1863-1893, in the Whole Life class, after excluding the first five years of assurance. These rates were tested by a detailed investigation of the experience from age to age, and may be considered, in my opinion, as representing very closely the actual facts.

(5) The following Table shows the comparison between the rates now deduced and the rates employed by Mr. H. J. E. Meikle F.F.A., for the Valuation as at 30th June 1907, from which it will be evident that there has been a very considerable fall in the rate of mortality experienced during the past five years :-

Central Age	Rates of Mortality per 10,000 Experienced 1891 - 1912	Employed in Valuation 30th June 1907-- 1912	
25	71	102	72
30	94	113	80
35	76	130	92
40	104	156	110
45	138	197	139
50	190	261	184

Tested by the rates employed by Mr. Meikle, the expected claims by death, from the commencement of the Fund to 30th June 1912, would have been over 10½ lakhs of rupees, as compared with actual claims of Rs. 7,29,240, a difference of more than 30%. It would appear, from certain paragraphs in Mr. Meikle's Report, that the rate of mortality employed by him was higher than the rate actually experienced, but it is nevertheless evident that there has been a very considerable fall in the actual rate of mortality. The following Table shows the claims by death per Rs. 100,000 assured in the middle of each year, from 1898-99 to 1911-12, and it will be seen that, apart from temporary fluctuations, the rate of claim has fallen very considerably, although,since the average age of the Fund must certainly have risen during the period, the rate of claim might have been expected to rise, if the rates of mortality at each age had been approximately constant :-

Year ending 30th June	Claims by Death per Rs.100,000 assured in middle of year Rs.	Year ending 30th June	Claims by Death per Rs.100,000 assured in middle of year Rs.
1899	867	1906	825
1900	612	1907	897
1901	1,130	1908	1,167
1902	1,811	1909	803
1903	1,238	1910	670
1904	1,650	1911	1,031
1905	1,399	1912	1,083
Average rate	1,290	Average rate	930

It will of course be understood that the mortality rates adopted are based, not on the comparatively light experience of the past five years, but on the whole experience from the commencement of the Fund, and correspond more closely to the average rate of claim over the whole period from

30th June 1898 to 30th June 1912, which is Rs. 1,062 per Rs. 100,000 assured, than the average rate of Rs. 930 per Rs. 100,000 assured, shown on the right hand side of the above Table. As illustrating this statement, I may observe that, on the basis of the rates of mortality employed in the Valuation, the claims by death for the year ending 30th June 1912, would have been Rs. 72,580, as compared with actual claims of Rs. 73,420, or Rs. 1,070, as compared with Rs. 1,083, per Rs. 100,000 assured, and, in view of the fact that the claims for that year were decidedly in excess of the average of recent years, it would appear that the rates of mortality adopted are by no means under-estimated, but may rather be considered as a conservative estimate of the probable future experience of the Fund in this respect.

(6) Your Committee will no doubt be interested by the following comparison between the rates of mortality, deduced from the experience of the Indian Postal Insurance Fund, and those found to be in operation in the Mysore Fund. In the former case, different rates of mortality were found to be in operation in the Whole Life and Endowment Assurance Classes, and it will be seen that the rates of mortality now deduced fall, after age 25, between the rates deduced in each of these main classes. I also show, as affording a better basis for comparison, the ungraduated rates of mortality, obtained by combining the experience in respect of both classes. The principal difference between these rates and those now deduced is, as will be seen. from the following Table, at the younger ages, where the mortality in the Postal Insurance Fund is high, falling to a minimum in middle life, whereas the rates deduced from the experience of the Mysore Fund, while showing some tendency to rise to a maximum at about age 30, as is more clearly shown by the first Table in paragraph (5) of this Report,

are decidedly low at earlier ages :-

AGE	Ungraduated rate of mortality per 10,000 Deduced from the experience of the Indian Postal Fund (1884-1911)			
	Whole Life.	Endowment Assurance	Combined	Mysore State Fund (1892-1912)
Under 25	113	99	102	48
25 - 29	96	82	86	86
30 - 34	100	72	81	81
35 - 39	118	97	106	98
40- 44	151	99	126	117
45 - 49	158	123	146	151
50 - 54	308	155	275	200

In comparing these rates, it must be remembered that the Indian Postal Fund figures refer to a somewhat earlier period than is the case with the present investigation, and the slight excess of the mortality rates, shown in the combined experience, over the rates shown in respect of the Mysore Fund, may perhaps be attributed to that cause.

(7) Rate of Interest. I have employed a rate of interest of 3% in my Valuation. It appears that interest is allowed by the Government at 3½% on the monthly balance of the Fund, and a small margin is thus available, in excess of the Valuation requirements.

(8) Valuation. On the basis of the rates of mortality and rate of interest stated in the preceding paragraphs, factors were constructed for the Valuation of the Fund, and for the investigation, which followed, into the cost of granting an increase of benefits out of the surplus disclosed. The Valuation proceeded on what is known as the"net premium" method, whereby the future premium brought into account in the Valuation is the

premium required at entry, on the Valuation basis, to provide the benefits granted, without any margin for expenses or profit. Net premiums calculated on this basis were accordingly employed in the Valuation. The total annual premiums payable, as at the Valuation date, in respect of the cases in force, amounted to Rs. 2,88,246, and the net premiums, which were alone valued as an asset, to Rs. 2,43,412, showing that over 15% of the Office premiums are available for expenses, and for the provision of increased benefits.

(9) The results of the Valuation on this basis are shown in the Valuation Balance-sheet appended to this Report. Cases where an addition had been made to the age were valued separately, being grouped according to the number of years added. I observe that the rate of bonus (or sum assured) granted to these cases is that for the rated-up age, which is clearly somewhat drastic in operation, having regard to the fact that the sum assured is not payable at maturity until the assured's 55th birthday, and that premiums are also payable up to that age. The effect of this is that an insured person entering, say, at age 25 and paying a monthly premium of Rs. 10, would be entitled to a bonus of Rs. 3627·60, payable at the end of 30 years or at previous death, whilst another, entering at 23, and rated-up two years, would be entitled to the same bonus, payable only at the end of 32 years or at previous death. It would appear, however, from the fact that the majority of the cases are rated-up for a small number of years only, that your Committee have had fully before them the disadvantages of the method now in operation in dealing with damaged lives, and that they haveeendeavoured to do substantial justice by shortening the period of rating-up, rather than by altering the conditions of assurance. Thus I find that an apparent rating-up of one year on the system

described is equivalent to a real rating-up of four years at age 20,of five years at age 30, and of nearly eight years at age 40, and similar figures have no doubt been before your Committee in this connection.

(10) It will be observed from the Valuation Balance-sheet that a sum of Rs. 12,000 has been reserved to cover the liability of the Fund, in respect of cases kept in force under Rule 10. The net liability in these cases amounted to Rs. 40,816, whereas the debts accumulated in respect of them amounted to Rs. 41,315. A detailed examination was made of each of the 221 policies kept in force under this Rule, and it was found that, in 142 of the cases, the accumulated amount of the premiums advanced exceeded the net liabilities. In respect of the remaining 79 cases, the net liability, after deducting the debts, amounted to Rs. 10,692, and I have reserved Rs. 12,000, to cover the small additional liability arising in cases where the debt is greater than the net liability, but smaller than the sum assured, and where consequently some small amount may become payable on death. The statement, showing the amount of the debt in respect of each policy is returned with this Report, and I have noted those cases where the amount already advanced exceeds the net liability. These policies should be cancelled, if possible, at once, and I should recommend, as a general rule, that policies should be cancelled where the premiums advanced, with interest, exceed the surrender value payable.

(11). Distribution of Surplus. Turning now to the results of the Valuation, it appears that a surplus of over five lakhs is available, as compared with the surplus of little more than one lakh disclosed at the Valuation as at 30th June 1907. The difference between these amounts is due primarily to the remarkable fall in the rate of mortality experienced, which has both increased

the past profits of the Fund, and has demonstrated the propriety of taking a less stringent view than was formerly possible, of its future liabilities. Having regard, however, to the fact that the mortality rates adopted have been deduced from an investigation of the whole history of the Fund, full confidence may be placed in the adequacy of the reserves made on the present occasion, and I am of opinion that the greater part of the surplus now disclosed may be considered as fully available for the purpose of granting increased benefits. I have therefore investigated the cost of making a reversionary addition to the bonuses (or sums assured) in force as at 30th June 1912, of 1% for every year's premiums paid to 30th June 1912, proceeding on the assumption that bonuses granted to entrants in the calendar year 1911 would be increased by 1%, bonuses granted to 1910 entrants by 2%, and so on. In practice, the increments granted could be calculated either (1) in proportion to the exact number of premiums paid to 30th June 1912, (2) in proportion to the number of completed year's premiums paid, which would exclude entrants in the year 1911/2 from a share in the present distribution, or (3) in proportion to the difference between 1912 and the year of entry, in accordance with the method described above, which would exclude entrants in the six months ending 30th June 1912. The total additional increments granted by either of the first two methods would not differ materially from the result obtained by the third, namely Rs. 5,66,660 which may be considered, in fact, as a close approximation to the result which would be obtained by the first, undoubtedly the fairest of the three methods suggested. The present value of such additional increments would be Rs. 3,99,355, which would leave a surplus available of Rs. 1, 17,814, and,

having regard to the favourable history of the Fund, this appears to me to provide ample security against any adverse fluctuations in the future. I have, therefore, great pleasure in recommending that reversionary additions be granted to contracts existing at the Valuation date, at the rate suggested. I have assumed that no addition will be made to the amounts assured by contracts kept in force under Rule 10, and that no additional payments will be made in respect of contracts discharged prior to 30th June 1912, or which became claims before that date.

(12) Future Prospects. After making full provision for the liabilities under the Rules, and for the payment of additional benefits as suggested, there still remains, as a provision for future expenses and profits, and for any unforeseen contingencies :-

(1) The unappropriated surplus of Rs.1,17,184.

(2) The difference between the future premiums actually payable, and the premiums taken into account in the Valuation, amounting to over 15% of the former, and valued at Rs. 5,27,477.

(3) Profit arising from favourable mortality.

(4) Profit arising on the surrender of contracts under Rule 10.

(5) Surplus interest, in excess of the Valuation estimates.

(13) As regards future expenses, I observe that I am requested to advise whether the percentage of the premiums income at present allowed for expenses of Management, namely, 3%, may be increased. I am not aware whether any steps involving an increase in the expenses of Management are in contemplation, and it does not appear from the annual Reports that any difficulty is experienced in keeping the actual expenditure well within the limit imposed, a

margin being in fact maintained of about ½% on the premium income. Assuming, however, that the present rate of expenditure were increased to 5% of the premium income, or practically double the present rate, there would still remain a balance of over 10% of the premium income not required to meet the liabilities, and available for future additions to the bonuses assured.

(14) Ignoring, then, minor sources of profit, and deducting the value of 5% of the premium income, there would remain, as a provision for future profits, an amount of Rs. 4,82,815, made up as follows :-

	Rs.	Rs.
Balance of Surplus		1,17,814
Margin available for expenses, etc.	5,27,477	
Less 5% on Value of premiums	1,62,476	
		3,65,001
		4,82,815

It is evident, therefore, that a continuation of the system of granting further additions to the amounts secured by the existing contracts may be anticipated with some confidence, and it would appear to be reasonable to provide that policies becoming claims by death or maturity before the date of the next Valuation should receive, in addition to the increments now recommended in respect of the premiums paid prior to 30th June 1912, further sums, representing the rate of additional bonus likely to be granted to members surviving for a further five years. I have computed the value of an increasing addition to the present sums assured of ¾%, or 12 annas per Rs. 100 per annum, and I find that a sum of Rs.4,71,285 would fully cover the cost of such an increasing assurance for all contracts existing at the Valuation date, during their remaining terms. It will be understood, however, that this rate of interim allowance will be subject to revision

at the next quinquennial Valuation of the Fund, and I find that the cost of such interim allowance during the next five years is not likely to exceed Rs. 20,000, and will probably be nearer Rs. 15,000. The result of my computation merely indicates that a revision in a downward direction, apart from a very decided movement of the experience in an unfavourable direction, leading to an increase in the stringency of the Valuation, may be considered as very improbable. It is more probable, in fact, that the margins indicated in paragraph (12) above, and left out of account in the above calculations, will enable any further additions, as from 30th June 1912, to be made at a higher rate than the ¾% per annum recommended, and it might, not improbably, be found possible to continue the rate of 1% granted in respect of existing policies.

(15) Rates of Bonus. If the existing Funds, together with the margins available on the existing policies, are sufficient to provide, not only for the bonuses assured, but also for further additions of 1% in respect of every year's premiums paid to 30th June 1912, and of ¾% in respect of every year's premiums paid after that date, it is clear that the rates of bonus (or sums assured) now granted are not excessive, in proportion to the premiums payable; but it does not follow that a sufficient margin is available to provide for new assurances as well as for old, an increasing assurance of ¾% or of 1% per annum on the original bonus assured. I have therefore investigated the rates of bonus (or sums assured) payable, according to the Table appended to the present Rules and find that, at age 30 and under, the margin available, may be considered as sufficient to allow of the payment of an additional ¾% or the original amount assured, in respect of every year's premium paid, without bringing into account miscellaneous

profits. After that age, the margin available falls, and it would be necessary to reduce the rates granted if it were desired to obtain an equitable scale at all ages. The reduction necessary is not, however, considerable, as will be seen by the following Table, showing the present rates, and those now recommended, and the principal reductions are at the older ages, where the volume of new business is least, so that whilst the reductions appear to be desirable, no strong objection could be made, if it should be decided to retain the present rates for a further quinquennium, although the bonus-giving power would in that case be on the whole, somewhat reduced:-

Amounts assured by a monthly premium of 10 Rupees.

Age	Present Rates.	Reduced Rates.
	Rs.	Rs.
31	2840·00	2830·90
32	2715·40	2700·90
33	2593·80	2573·50
34	2472·10	2447·00
35	2351·10	2322·50
36	2231·50	2197·00
37	2113·50	2074·30
38	1994·80	1952·80
39	1876·70	1831·80
40	1758·20	1712·30
41	1648·60	1594·30
42	1537·00	1476·90
43	1424·70	1360·70
44	1296·70	1244·40
45	1196·60	1130·50

(16) Surrender-Values. I have computed, at various ages and durations, the reserves which would be set up, in

respect of policies effected under the Rules, with the view of ascertaining whether the present practice, of returning 60% of all premiums paid on surrender, is reasonable and equitable, and I find that, while at earlier durations the amount granted under this Rule is somewhat excessive, at later periods larger amounts could be safely and properly allowed. Some further allowance, moreover, can reasonably be demanded, if a member surrenders, not only the original bonus assured, but also a further addition, granted in accordance with the recommendations made in this Report; and I accordingly append a Table of single premiums, whereby the present value of any vested addition may be at once ascertained. With the aid of this Table it will also be possible to calculate more equitably the amount that can be granted on the surrender of the original bonus. Under Rule 10, a method is given of calculating the paid-up policy which can be granted in lieu of surrender value, and the amount of such paid-up policy, multiplied by the appropriate single premium at the attained age, will give the corresponding surrender-value, to which should be added the present value of the increment added, calculatedas above. Examples of surrender-values, at various ages and durations, calculated by the present method, and by the method now recommended, are given in a Table appended to this Report. Paid-up policies granted after 30th June 1912 under Rule 10 will, of course, be increased by the amount of any increment, added to the original policy as at that date, together with any interim distribution to the date of alteration, but would not thereafter share in any future distribution of profits.

(17) In conclusion, I desire to offer my congratulations to the Committee on the very favourable results of the Valuation, and to express my belief that, humanly speaking, the continued prosperity of the Fund may be considered to be

assured. I have only to add that I shall always be at the disposal of your Committee for the elucidation of any points of doubt which may arise under the present Report, or for the further explanation of any questions on which they would desire my advice.

I am, Gentlemen,

Your obedient servant,

Thomas Oakland

Actuarial Adviser to the Board of Trade,
Fellow of the Institute of Actuaries,
Hon. Fellow of the Faculty of Actuaries.

29th August, 1913.

Valuation Balance-sheet.

Liabilities.	Rs.		Assets.	Rs.
To present value of Rs.69,68,879 being the bonuses (or sums assured) in respect of 14,370 Contracts in force as at 30th June 1912	45,11,841	By	present value of monthly premiums payable as from 30th June,1912, amounting to Rs. 2,88,246 per annum	32,49,517
To net liability in respect of			Less amount reserved for future expenses and profits, being the difference between the present value of Rs. 2,88,246, the premiums payable as above, and the present value of Rs. 2,43,412, the net premiums in respect of the bonuses (or sums assured) in force on 30th June 1912	5,27,477
(1) Death claims pending payment	85,138			
(2) Unregistered Deaths	11,301			
(3) Matured claims not preferred	8,012			
(4) Surrender claims authorized but not paid	220			
(5) Policies on which payment of premiums is discontinued under old Rule 10 (estimated at)	12,000		Balance, being value of net premiums	27,22,040
To Estimated Surplus	5,17,169	By	amount of Funds as at 30th June 1912	24,23,641
	Rs. 51,45,681			Rs. 51,45,681

Specimen Surrender Values

Calculated (1) by the method now employed

(2) by the method suggested in par. (16) of the Report.

in respect of the bonuses assured secured by a monthly premium of Rs.10.

No. of Years Premiums Paid	AGE AT ENTRY						No. of Years Premiums Paid
	25		35		45		
	Old Method	New Method	Old Method	New Method	Old Method	New Method	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1	72	57·1	72	70·9	72	93·1	1
2	144	117·1	144	145·4	144	191·3	2
3	216	179·9	216	223·6	216	294·7	3
4	288	245·3	288	305·7	288	403·7	4
5	360	314·8	360	391·9	360	518·6	5
10	720	711·7	720	891·2	720	1196·6	10
15	1080	1209·3	1080	1528·5			15
20	1440	1833·4	1440	2351·1			20
25	1800	2620·3					25
30	2160	3627·6					30

Single premiums

per unit of sum assured

to be adopted in the calculation of

Surrender Values

Age	Single Premium	Age
20	·40891	20
21	·41883	21
22	·42902	22
23	·43947	23
24	·45020	24
25	·46122	25
26	·47251	26
27	·48411	27
28	·49600	28
29	·50820	29
30	·52072	30
31	·53357	31
32	·54676	32
33	·56032	33
34	·57424	34
35	·58855	35
36	·60329	36
37	·61845	37
38	·63405	38
39	·65014	39
40	·66673	40
41	·68384	41
42	·70150	42
43	·71973	43
44	·73858	44
45	·75809	45
46	·77827	46
47	·79918	47
48	·82087	48
49	·84339	49
50	·86680	50
51	·89116	51
52	·91657	52
53	·94310	53
54	·97087	54

Note. Rated-up cases must be taken at their true age in using this Table.

INSURANCE.

2

A printed copy of the report of investigation into the mortality experienced by the Life Insurance Scheme and a Valuation of its liabilities on contracts in force at 30th June 1912, made by Mr. Thomas Gans Ackland, F.I.A., Hon:F.F.A., Consulting Actuary, is circulated to the President and Members of the Committee for perusal. The Report is illuminative, exhaustive and interesting. Mr. T. G. Ackland would appear to occupy a high position in the Actuarial world. He is the author of original papers on important questions relating to Life Insurance, advisor to the Board of Trade in London and relied upon by the Government of India. It is clearly seen from his Report that he has investigated our business exhaustively and most carefully on -- strict actuarial methods obtaining. The Committee may therefore place entire confidence in his Report and proceed to carry out at once all his recommendations. The attention of the President and Members of -- the Committee is specially invited to the following paragraphs of the Report and their orders are splicited in each case. The printed copy of the Report may be retained but this note may be kindly returned -- to the Office with any observation that the Member may be pleased to make

2. In Paragraph 3 of the Report it is stated that in three instances disagreements have been found between the amounts scheduled from the cards furnished and those shown in the statements attached to the Annual Report for 1911-12. The Office is not in a position to explain these disagreements in the absence of the cards which are retained by the Actuary for any further reference that may be required. They will of course be sought for and explained as soon as the cards are received back.

3. After instituting comparison in more than one way in paragraphs 3 and 4, in paragraph 5, the rate of mortality experienced during the 5 years ending June 1912, is stated to have fallen considerably. This has been one of the causes of a substantial surplus over the liabilities as at 30th June 1912. The Valuation however was not based upon this comparatively light mortality experience but on the experience of

the Scheme from its very commencement so as to ensure great safety.

4. In Paragraph 7, the rate of interest employed in the Valuation is stated to be 3% while the interest actually realised is 3 1/8% and in paragraph 9 the Valuation is said to have been done on what is known as the "net premium method" which is considered to be the strict Actuarial method thereby showing that at every step the Valuation was made with great caution.

5. The method of rating up damaged lives at present obtaining is characterised as drastic, in paragraph 9, but the short periods for -- which rating up is resorted to temper the operation. The present method may therefore, however, be continued and the rating up done much more carefully instead of having recourse to any untried method.

6. In Paragraph 10, in the case of 142 out of the 211 policies -- brought under operation of Rule 10, the debts due on 30th June 191-, are stated to have exceeded the net liability. (By the expression "Net liability" is probably meant the difference between the present value of the bonus assured minus the debt due on the 30th June 1912, and the present value of the future premiums ~~contributions to be made by the insured thereafter till the maturity of the Policy on death or attaining 55th year~~). These policies are therefore recommended to be cancelled, if possible, at once and as no provision appears made in the balance sheet in respect of them, the Actuary has evidently left them out of consideration in the Valuation. To meet the liability on the remaining 79 policies in -- which the debts due were less than the bonus assured but more than the net liability, a provision of Rs 12,000/- has been made. It is further recommended that, as a general rule, policies should be cancelled -- where the debt due exceeds the surrender value payable. It would -- follow from the above that the 142 policies referred to should be cancelled at once and the remaining 79, as soon as the accumulated debt is more than the surrender value payable. In giving effect to the recommendation of the Actuary, the question for consideration is will it be equitable to do so now. Rule 10, under the operation of which

these policies have been brought, assured the insurants that the balance if any, of the bonus at the time of maturity of the policy after deducting the unpaid premium with 4% compound interest, would be payable to them. Could the Committee now go back on the rule and say that the policies would be ~~now~~ cancelled. This seems inevitable from the opinion expressed by the Actuary and Government Orders would of course -- have to be obtained for the cancellation of the cases which have not become claims before the debt due exceeded the surrender value payable before 30th June 1912.

7. In Paragraph, 11, a reversionary addition to the bonuses in force as at 30th June 1912, of 1% for every years premium paid is recommended and out of the three methods suggested, calculating the increment in proportion to the exact number of premiums paid to 30th June 1912, is said to be undoubtedly the fairest method. The total amount of increment calculated under this method is not likely to be much in excess of that calculated by either of the ~~one~~ other two methods i.e. 5,66,666 The present value of this would appear to be 3,99,355, which would leave a balance of 1,17,814, out of the ascertained surplus of 5,17,169, for future use. In these circumstances and remembering that the Valuation has proceeded at every step on most cautions and up-to-date lines by a standing man in the profession, the Committee may recommend for sanction of Government for making the reversionary addition calculated under the "fairest method" suggested.

8. Paragraph 12, dealing with future prospects are convincing and very hopeful indeed.

9. In Paragraph 13, the Actuary expresses the opinion that the present rate of expenditure on management could be safely doubled and -- fixed at 5%, still leaving a broad margin for future profits. The long pending question of adequately remunerating the Office Staff who have done creditably in coping with the ever increasing business and further strengthening it and the payment of some remuneration to the Medical Officers who examine candidates for admission to insurance may be taken up for favourable consideration.

10. In Paragraph 14, among ~~the~~ other things a further ¾% reversionary addition to the bonuses is recommended ~~to~~ release of policies in -- force on 30th June 1912, becoming claims from 1st July 1912 and onwards up-to-date of next Valuation. The adoption of this may also be recommended ~~by the Actuary~~ to Government.

11. In Paragraph 15, the rates of bonus from age 31 to 45, is recommended to be altered in the manner deduced from the mortality experience of the Fund from its commencement in order to give an equitable ¾% increments at all ages on all policies existing on the 30th June 1912, and new assurances effected thereafter. Seeing that the present rates have been originally fixed not on our mortality experience, the rates now calculated by the Actuary on such basis may be recommended to Government for adoption. Apart from the consideration of profits or no profits, the adoption of the scientifically constructed rates would be safe.

The method of calculating the Surrender Value and future paid-up policies granted under Rule 10, recommended in paragraph 16, of the Report may be adopted in toto, as the whole thing proceeds on scientific methods.

The Actuary may be thanked for his illuminative exhaustive and very interesting report

12th Sept 1913. B Krishnamachary

Secretary) 4
21-11-13

Vide remarks attached para by para on the Actuary's report. The whole of the notes together with the report may be circulated

8/11/13.

With the draft letter to
Mrs. J.G. Ackland his
report was submitted and
it may be kindly referred
in this connection. Yg

21.10.13

Mr. Ackland's Acturial Report 1907-1912.

Para 1. No remarks.

Para 2. The office is to be congratulated on the Actuary's praise. The Committee may kindly consider the question of granting some honus to the Staff for the labour of preparing the cards for the actuary.

Para 3. Mortality rates have been deduced on the basis of the amounts payable at death at each age. Thus out of 100 thousand rupees worth of policies at 20 years X, thousand say remain in force at the end of one year X 2 thousand at the end of the second year and so on. The average rate of mortality over the whole period has been rather more than 1% per annum.

Para 4. Shews that the average of 1% annual mortality is the result of a less rate in the earlier ages and a higher rate in the higher ages, the average rate is crossed by actuals in the vicinity of 40.

Para 5. There has been a fall in the rate of mortality during the last five years. Also the rate of mortality employed by the last Valuation Actuary was nigher than the rate actually experienced. Hence there is a great difference between the mortality rates employed in the last and present valuations.

The mortality rates now adopted are based not on the light experience of the past five years but on the whole

wnole experience from commencement.

Para 6. Comparison with Indian postal fund rates shew that the rates adopted are not unduly favourable.

Para 7. Rate of interest adopted is 3% the extra 1/8% allowed by Government being regarded as a margin.

Para 8. According to tne rate of interest and mortality rates adopted for the valuation, an annual premium of Rs.2,43,412 would be sufficient to provide for all benefits. Actual premium realization is Rs.2,88,246. Hence 15% of premiums are available for expenses.

Para 9. We have always borne the full effect of loading or rating up. No action necessary.

Para 10.Net liability = present value of bonus minus present value of premiums due.

The actuary's suggestion in the last sentence of this para is impracticable. When accumulated amount of premiums due exceeds the net liability the policy becomes a cipher from the point of view of the actuary who values the fund as a whole but the individual contract remains as good as ever. It is only when premiums advanced with interest exceeds the bonus that the policy can be regarded as cancelled.

Para 11. The reversionary addition suggested by the actuary in this paragraph may be recommended to Government.

Calculation may be made according to the first of the three methods

suggested.

Para 12. Satisfactory. But (3) is of little value as under the rates of mortality adopted fluctuations are likely to be as often favourable as unfavourable. Item (4) is negligible

Para 13. This gives us a wide margin for improving the staff which is an urgent necessity. A scheme will be submitted early.

Para 14. I am not for recommending this proposal of the actuary to Government viz.that regarding further additions to policies which mature during the quinquinnial beginning 1st July 1912 for the period after that date in anticipation of the next valuation.

Para 15. The alterations in bonus amounts suggested by the autuary are comparatively small and it is hardly necessary to distrub our tables.

Para 16. When a paid up policy and a surrender value is made alternatives either of which may be taken the two should be equivalent. At ptesent the surrender value, being emphatically fixed at 60% this is not the case. We may say that either a paid up policy or its surrender value claculated as explained in this paragraph will be given.

Para 17. We may thank the Actuary in return.

8th November 1913.
Mysore.

Secretary.

B

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF

M Y S O R E.

R e a d:-

Letter No.1913 dated 16/17th February, 1914, from the Secretary, Insurance Committee, submitting for orders the Report of the Actuary on ~~the State of~~ the finances of the Mysore State Life Insurance Fund as it stood on the 30th June 1912, ~~printed copy appended,~~ together with the resolution of the Insurance Committee ~~thereon as follows:-~~,

(HERE PRINT RESOLUTION OF THE COMMITTEE.)

---:o:O:o:---

Order thereon No. 3221-2

Dated, Bangalore, 20th July 1914.

On the recommendation of the Insurance Committee, Mr. Thomas Gans Ackland, F.I.F., Honry. F.F.A., Actuarial Adviser to the Board of Trade, England, was appointed to carry out

out the valuation of the State Life Insurance Fund for the quinquinnium ending 30th June 1912.

2. The Report submitted by the Actuary is exhaustive and interesting and from the high position Mr. Ackland occupies full confidence may be placed in his report and valuations.

3. After a careful examination conducted on up to date methods, he ~~finds~~ considers the Fund, sound and well managed, and states that the valuation discloses a surplus of over 5 lakhs as against one lakh and odd at the end of the previous quinquinnium.

4. The Actuary further suggests that out of this surplus a reversionary addition of 1 per cent. may be made to every policy in force on the 30th June 1912 for every year for which premium has been paid. The Insurance Committee recommend this proposal for sanction and also accept the Actuary's suggestion that the increments may be calculated in proportion to the exact number of premiums paid up to 30th

3 2

30th June 1912. This would absorb about 4 lakhs of the surplus and the balance left provides in the opinion of the Actuary ample security for the future.

5. Government are ~~accordingly~~ pleased to approve of the above recommendations ~~as above~~ and direct the distribution of the surplus as proposed by the Actuary ~~in the manner suggested~~. ~~The Actuary's~~ His suggestion ~~in the matter of~~ the calculation of surrender values on policies accepted by the Committee is also approved.

Government desire to place on record their appreciation of the work done by the Actuary and ~~to express~~ their satisfaction ~~at the favourable nature of the Report submitted by him.~~ that the Fund is financially in a sound position.

16.7.14

Financial Secretary to Govt.

To

9.7.14

The Secretary, Insurance Committee returning enclosures.

" Comptroller to Government.

H. K. S.

1914-15

GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE

FINANCIAL (BANKING)

PROCEEDINGS

Dated 20th July 1914

No. Fl. 221-2 / B. 40-13-2

Reviews the report of the Actuary on the examination of the State Life Insurance Fund for the quinquennium ending 30th June 1912, and sanctions the addition of reversionary bonus and certain alterations in the Insurance Rules.

GPB—30-7-14—200

READ—

Letter No. 1913, dated 16—17th February 1914, from the Secretary, Insurance Committee, submitting for orders the Report of the Actuary on the finances of the Mysore State Life Insurance Fund, as it stood on the 30th June 1912, together with the resolution of the Insurance Committee.

Extract from the Proceedings of the meeting of the Mysore State Life Insurance Committee, held on Saturday, the 31st January 1914.

Resolution II.

Read the Actuary's report for the quinquennium ending 30th June 1912. The Actuary may be thanked for his interesting report. It is resolved that the report be submitted to Government for orders with the following recommendation:—

(*a*) The suggestion made in paragraph 10 of the report cannot be carried out as the policies, the premiums due on which are treated as a debt under Rule 10, cannot be legally cancelled unless the premium due with compound interest equals the bonus assured.

(*b*) The suggestion contained in paragraph II—Distribution of surplus may be sanctioned by the Government, the distribution being made in proportion to the exact number of premiums paid.

(*c*) Further bonus additions to policies which mature during the quinquennium beginning 1st July 1912, referred to in paragraph 14, need not be made in anticipation of the next valuation.

(*d*) The alterations in bonus suggested in paragraph 15 of the report being comparatively small and in the opinion of the Actuary, no strong objection could be made against retaining the present rates, the latter may continue.

(*e*) When a paid up policy and a surrender value is made alternatives, either of which may be taken, the two should be equivalent. At present the surrender value being fixed at 60 per cent, this is not the case. We may say that either a paid up policy or its surrender value calculated as explained in this paragraph 16 will be given.

NO. FL. 221-2—B. 40-13-2, DATED BANGALORE, 20TH JULY 1914.

ORDER THEREON.—On the recommendation of the Insurance Committee, Mr. Thomas Gans Ackland, F.I.A., Honorary F.F.A., Actuarial Adviser to the Board of Trade, England, was appointed to carry out the valuation of the State Life Insurance Fund for the quinquennium ending 30th June 1912.

2. The report submitted by the Actuary is exhaustive and interesting and from the high position Mr. Ackland occupies full confidence may be placed in his report and valuations.

3. After a careful examination conducted on up to date methods, he considers the Fund, sound and well managed, and states that the valuation discloses a surplus of over five lakhs as against one lakh and odd at the end of previous quinquennium.

4. The Actuary further suggests that out of this surplus a reversionary addition of 1 per cent may be made to every policy in force on the 30th June 1912, for every year for which premium has been paid. The Insurance Committee recommend this proposal for sanction and also accept the Actuary's suggestion that the increments may be calculated in proportion to the exact number of premiums paid up to 30th June 1912. This would absorb about four lakhs of the surplus and the balance left provides in the opinion of the Actuary ample security for the future.

Financial (Banking), dated 20th July 1914.

5. Government are pleased to approve of the above recommendations and direct the distribution of the surplus as proposed by the Actuary. His suggestion in respect to the calculation of surrender values on policies accepted by the Committee is also approved.

6. Government desire to place on record their appreciation of the work done by the Actuary and their satisfaction that the fund is financially in a sound condition.

J. S. CHAKRAVARTI,
Financial Secretary to Government.

To—The Secretary, Insurance Committee, returning enclosures.
The Comptroller, Mysore Government.

Exd.—C. R.